App. F. IX-4

Previous References

1934-35
(G.7)

File No. 110-34
Serial Nos. 7615

Later References.

G.7. 145.36 (6-10)
G.7. 137-43 (1-5)

Pruned

RESERVED

P-41-E

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 8

Part B for March

SUBJECT.

Appointment of Messrs. N. Sivan & Co. as Managing Agents of the Srikrishna rajendra Mills

General and Revenue Secretariat | Law File No. of 1934 | [App. F. III–2

Serial No.

From,

The Dir^r of Inc.

D.O. no. SKM/1155 d 2.1.35

Soliciting legal opinion whether a private firm like Messrs. Somn &c. Can be appointed as manager of S.K. Mills under the present Articles of association

It is learnt that the file leading to the final Secy's Communication referred to in the P.W.D. is subj^d in some other Connection

'B' A Copy of the letter is available in the file of papers now sent.

cl 1(a) of the Articles of Association is as follows :-

" The General management of the business of the Company subject to the Control and supervision of the Directors Shall be in the hands of General Manager who Shall be appointed by the Directors for such term and at such remuneration as they may think fit with the approval of Govt of Mys and he will exercise such powers as may be Conferred on him from time to time by the Directors

This imposes no restriction on a Company or firm being appointed as General manager. ~~Please~~ Govt. Advocate may perhaps be Consulted.

Subj^d for orders.

tn. Sheet.

KD 3/1

Law File No. 122 of 1934

2

General and Revenue Secretariat

3 The first two copies of opinion may be obtained

(Secret) 6e 3.1.35

U.O.No. P.10784 dated 3.1.1935

4 The Govt. advocate with compliments.

3.1.35

5 Returned with Compts.
I do not see any legal objection to the appointment of a firm as general manager under the existing Articles of Association.

Mr. Nagaswami Iyer
5.1.35.

No. 89 Do/34-35 dt 5.1.35

7 Draft reply for perusal before issue

(Secy) 5/1/35

7. 1. GENL & REV.

8 Issued & returned

7/1/35

10 The Director of I & C

no. P. 3345 d 7.1.35 informing that there is no legal objection to the appointment of a firm as General Manager.

7c Submitted for perusal & for issue

10 Please let us know the letter is issued with its enclosures

7/1

Serial No.

11 The letter with its enclosures is returned herewith

ISD 7/.

12. The opinion of the Govt Advocate is only with respect to the appointment of a firm as General managers under the existing articles of Assn. The Director wants opinion also on the point whether the Directors can under the articles delegate to such General manager all the powers that are usually exercised by the Managing Agents of a Company. Messrs Little & Co, the Bombay Solicitors of messrs Sirin & Co, say that though articles 126 Cl 20 and article 14 ~~clear~~ empower the Directors to delegate powers to the General manager, these articles read with article 125 which impose on the Directors the duty of managing the business of the Company, show that the power of delegation is ~~duty~~ restricted and that they cannot by means of delegation leave the entire business of the Company in the hands of the manager merely subject to their supervision and Control.

13 It is no doubt true that the position of the General Manager under

e existing articles is not the same
s that of a managing Agent under
e old articles. The latter had ~~indepen~~
uthority & control over the business of
e Company independent of the Directors.
he manager on the other hand derives
ll his powers only by virtue of
however
x delegation. Article 125 cannot be
read as taking away or restricting
the power of delegation. It only means
that the directors cannot be free from
their responsibilities regarding the management
of the business of the Company by the mere
or all
fact of their delegating certain of their
powers to the general manager. That is
the delegation can only be subject to
the supervision & control of the directors
but subject to this, the directors may
delegate any or all the powers of conducting
the business of the Company to the General
Manager.

14 I am therefore of opinion that
under the existing articles, the
Directors can not only appoint the
firm of messrs Scrim & Co as General
Managers, but also delegate to them
all the powers they need in the matter
of conducting the business of the Company,
the Directors
subject however to ~~their~~ retaining

5

Serial No.

their hands: powers of supervision and control over the acts of the general manager.

15 If approved, the file will be sent to the Director of I&C unofficially for information & further action.

U.O.No.P 110 of 34 dated 8.1.1935 — Gen Secy)

MM 8/1/35

16: The Director Industries & Commerce with enclosures

Encl. 8.1.35.

MM 8/1/35

WD 0434—GPB—15,000—12-10-33

344.
H.

General and Revenue Secretariat | File No. | of 193 . | [App. F. III—6

Serial No.

Letter No. 5650 dated 29th January 1935 from the General Manager, S.K.Mills,Ltd., Mysore regarding the appointment of Messrs. N.Sirur & Co., as General Managers of the Mills.

---

17 Draft approving the appointment is put up.

First Member
DEWAN.

18 31/1/35

19 4/2/35

20 2-2-35

21 For perusal before issue.
Chief Secy (Tour)
4 FEB. 1935

22 (file to has always seen)
4/2

23. 5 FEB. 1935 GENL & REV. SECT
Fl 6536 W 5/2/35

24 To. CB. with compliments. for note & return.
W
24/2

WD 01955—GPB—22,500—12-6-34

2408 3760

File No. of 193 | General and Revenue Secretariat

D.O.letter No.S.K.M.34-35 dated 21st February 1935 from the Chairman, the Sri Krishnarajendra Mills, forwarding, for approval of Government, final draft of the draft agreement with Messrs. N.Sirur & Co in connection with the transfer of the management of the Mills to them.

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25. Submitted with previous references.

26. The draft agreement will, if approved, be sent to the Law department for scrutiny in the first instance. 1A

27. From the correspondence between the Chairman of the Mills and Mr. Sirur enclosed with the Chairman's letter, it will be seen that the Directors of the Mills desire that Messrs Sirur and Co should be appointed as "General Managers" under Article 140 of the Articles of Association, and given the powers required by them under Articles 126 + 140, ~~whmm~~ without approaching the General Body for any amendment ~~to~~ to the Articles of Association, while the Firm desire that they should be appointed as "Managing agents" and that the General Body should be approached to amend the Articles of Association suitably. 3 1B

OFFICE OF THE FIRST MEMBER OF COUNCIL 22 FEB.1935 No. 6094

28. From the note of the Law department dated 8-1-35, it is clear that no amendment to the Articles of Association will be necessary and that the Directors have power to appoint Messrs Sirur & Co as General Managers and delegate to them all the powers ~~which the previous Managing agents~~ they need in the matter of conducting the business of the Company subject to the Directors retaining in their ~~hands~~ hands (powers of supervision and control over the acts of the General Managers.

H Secy) 22/2/35.

22-2-35

29A. This may be done

30 B. The discussion with

3674 P

861

General and Revenue Secretariat | File No. of 193 | [App. F. III–2

8

Serial No.

Mr. Scrimgeour was about "managing agency" & not about general management & if he does not now agree to the latter, we have to give effect to the managing agency

W
23/2
R
23/2/35.

31 Law Dept to see
W
26/2

From,

The Dir of Ire

D.O.no. SKP 3435 dt 26.2.35 forwarding a copy of the dft amendments to the articles of association, which Mr. Scrimgeour has got prepared by his Solicitors and Soliciting instructions in the matter.

Subd with a note

JSP
26/2

32 The articles of agreement are between the Mills & Messrs Scrimgeour & Co. Govt are no parties to it, and it is therefore necessary ~~to have regards in the~~ that the renewal of the agency agreement after the period of ten years must be subject to the approval of Govt. The words "but subject to the approval

Note–Contn. Sheet.

9

of the said Govt" may be added between the words "the said company" and "on such terms etc in cl (1) of the agreement.

~~Boards Boards~~

In other respects the agreement proposed is all right.

The amendments to the articles of association proposed are necessary to give effect to the managing agency contract - I do not however understand the alteration proposed to art 111: the article as it now stands is as follows: —

"The continuing directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the directors shall not, except for this purpose of filling vacancies, act so long as the number is below the minimum" —

The following is proposed to be substituted for the above:

"The continuing directors may act notwithstanding any vacancy in their body, but in the event of a vacancy the Directors shall not except for the purpose of filling the vacancy act so long as there is a vacancy" —

The latter part practically nullifies the

10

Serial No.

the effect of the former – the ~~and~~ article as it is seems to be all right.

35 Art 131 from the point of view of the Govt is an important one ~~and~~ but the amendment proposed does not in any way affect the position of the Govt directors – Because it merely says that instead of the views of the Govt directors prevailing as it is now, the views of such directors or of the majority of them shall prevail – "them" here I think refers only to Govt directors –

36 All the other amendments are all right & may be accepted.

Gen Secy) MG 28/2

37 I agree.

First Member.

Chair. 28-2-35

38 This may now be sent to MG 28/2 by Fast Mail by 4/3

Fin Secy) Ltr 1/3

MG 1/3

28 FEB. 1935 6293

131

Serial No.

39 The opinion of the Law Department deals with the wordings of the Agreement. How far the Agreement will affect the interests of Government and whether sufficient safeguards have been provided in the Agreement to protect the interests of Government require/ to be examined.

40 Unlike other Managing Agents who are expected to invest some portion of their money for the working of the Mills, Messrs. Sirur and Co., are not required to finance the working of the Mills and they also deal with business similar to the Krishnarajendra Mills. Proper care is necessary to see that the interests of Government do not suffer in any way. I would suggest the following for consideration:-

41 (1). Six months' notice to be given for the termination of the Agreement etc.-

The 6 months' limit cannot be applied in all cases. There should, I think, be provision in the agreement for terminating the Agreement without giving 6 months' notice, in cases in which Government find that the Managing Agents are acting <u>prejudicial</u> to the interests of Government or the working of the Mills is such that it is undesirable to continue the Managing Agency even for 6 months. The original agreement of the Mills with Messrs Vardhamaniah and Sons provided for the cancellation of the agreement in case when the managing agents ~~were~~ are found guilty of fraud or misconduct in the discharge of their duties, as managing agents. A provision to terminate without notice on extra-ordinary occasions

Serial No.

is necessary. Similarly it is not in every case of the margin being inadequate that Government can give 6 months' notice.

There must be also provision in the agreement regarding the period up to and nature of the liabilities of the Managing Agents which should continue, after the termination of the managing agency.

42 Clause 3. Commission on profits. The percentage on profits is required to be calculated without making any deductions on account of contribution to any special fund. This is too general. Contributions to Provident Fund to employees and smiliar funds which form part of the working expenses and insurance have to be deducted from the profits. The Rampur Sugar Company agreement allows this deduction.

43 Monthly allowance. It is stated that any allowance or part of the same not so drawn as aforesaid shall be credited to the account of the firm and shall be drawn by the firm as and when the interest due on the loans advanced by the said Government shall have been paid. At present the Mills are paying interest out of the cash balance even though there may not be sufficient profits to pay it. It may be laid down that the allowance to the Managing Agents will be paid only after interest is paid to Government out of profits earned.

44 It is stated that the monthly allowance ~~xxx~~ ~~fxxx~~ referred to above is exclusive of all salaries wages etc., paid to solicitors, accountants, bankers, etc., and also other expense properly

Serial No.

incurred for carrying on and conducting the business of the Company. There must, I think, be some maximum or other kind of limit up to which such expenditure can be incurred and the payment should also be required to be passed specifically by the Directors. Similarly some limit has to be laid down regarding the T.A. payable to the managing agents. If this is not done, we may lose the right to question abnormal payment under these heads.

45 Clause 4:- It is laid down that the Company will use their best endeavours to promote the interests and the business of the said company and will not divulge or make known any of the secrets or affairs thereof. This is too brief and it is for consideration if it is sufficient and whether there should not be provision in the agreement requiring the managing agents to keep the property etc., and deliver the same in good condition after the termination of the managing agency, and to be responsible for negligence and losses due to omission or commission.

46 Clause 5 is too wide. No distinction is made between day to day administration, ministerial acts, and occasional and important acts. Any action relating to the last act should be subject to the approval of the Board of Directors.

47 At present the working capital is in the Government Treasury and withdrawals are made by the General Manager, after the same are passed by the Government Auditor. Where the money will hereafter be kept and whether the counter-signature

Serial No.

of the Government Auditor will continue have to be made clear. There must be proper provision for Government audit.

48 Clause 8. Though the Managing agents may be empowered to arrange for all payments payable by the Mills, I think the Directors should have power to pass the allowance, T.A. etc., payable to the Managing Agents.

49 Clause 9. There are at present six Directors, including 3 Government Directors. The quorum at meeting of Directors shall be three of whom at least two shall be Government Directors. In case of equality of votes, the views of the Government Directors shall prevail.

If the number of Directors is increase by one to represent the Firm of Managing Agents, it is for consideration whether there should not be a similar addition to the number of Government Directors. The chief provision on which we are relying to safeguard Government interests is having a majority of Government Directors. This position must be maintained in tact and there should be provision for it.

50 Clause 10. ~~Our~~ The agreement is with Messrs Sirur and Co, and ~~we cannot~~ permit the said firm to assign the whole or any portion of their interest in the Mills to any other firm or to allow this firm to continue as managing agents even when Mr. Sirur is not there.

51 Caluse 14. In case of difference of opinion between the managing agents and the Directors etc.

WD 2030—GPB—250—2-6-34

Serial No.

I don't see what this is for

the Government should have an opportunity to finally decide at least in some cases instead of being obliged to go to arbitration in every case.

52 At present, Government have practically the largest interests in the Mills. These interests are safeguarded in two ways, viz.,

(1) By providing for powers to inspect ~~and~~ the Mills and audit the accounts ~~etc~~, in the Deed of Mortgage

(2) By requiring all powers of management to be exercised by the Board of Directors where Government representatives are in the majority.

53 Under the revised arrangement, while all the safeguards provided in (1) will remain in tact, ~~those~~ (those referred to in (2)) will practically be nullified by the important transfer of all the powers from the Board to the Managing agents and to some extent by ~~increasing~~ adding of to the Board of Directors one, as a representative of the Firm (Sirur and Sons), without correspondingly increasing the number of Government Directors.

I don't think so

53 It is for consideration whether the transfer of these powers from the Directorate to the Managing agents would not be detrimental to the interests of Government.

~~To rely on the one clause~~

54 To rely on the one Condition of Terminating the agreement at Six months notice may not be Enough for all occasions & all purposes -

This must be regarded as adequate for all reasonable purposes

9/3/35.

55 Reasons may be

9(

56 The draft agreement for appointing the

Serial No.

WAR'S OFFICE
3 MAR. 1935
No.....5309

Surur & Co as Managing agents — in accordance with the above instructions and the Changes proposed by Mr Surur — ~~above~~ were approved by the Board of Directors on 10.3.35. An Extraordinary meeting of the Shareholders has been called for to be held on 23.3.35 to pass this. Thereafter it has to be Confirmed in another meeting of the Shareholders.

57. In the meeting of the Directors Mr Srikanta Vasa Rao urged for the Appointment of one more Director on ~~the~~ behalf of the Shareholders now that we are raising the number from 6 to 7 to give a seat to Mr Surur's nominee. An increase of Govt Directors ~~to~~ maintain a Govt majority has been suggested by me in the note above. In view of the difficulty in increasing the number both the Govt Directors and the Shareholders' Directors, in the draft of the amendments to articles of association, the number has been left at 7 providing ~~for~~ a place for Mr Surur's nominee and having the Govt Director Palace Director at 3 & 1 as at present whether Govt require at least 50% as at present (3 out of 6) is for consideration.

~~Mr Mc~~ 58 The further Communication from the Mills in regard the matter may be awaited

Mr 13-3-35

WD 70—GBPM—60,000—13-8-34.

(Mr 13/3/35

Sec 13/3/35

Mr 12/3.

Mr & Edwards

Note—Contn. Sheet. 64

Marked in red pencil with the file number

Sec 13/3

Licensed with Mr Sharma - It was agreed that for the present it will be sufficient to have 3 Govt Directors 1 Palace Director 2 for the shareholders & 1 for managing agents

File No. 4576 / of 193 17

General and Revenue Secretariat

Letter No. 2552 dated 14th March 1935 from the General Manager, the Sri Krishnarajendra Mills Ltd., Mysore, requesting approval of Government to the action proposed to be taken by the Board in the matter of appointing Messrs N Sirur and Co, as Managing agents, instead of as General Managers of the Mills.

---

62. May perhaps be approved.

16-3-35

(H. Secy) 16/3/35.

(1st Mr + Dewan)

18/3-

18/3/35-

by

20-3-35

by

Draft reply submitted for approval

21-3-35

Issue

21/3/35

No. H 535 d 22.3.35 to the General Manager S.K. Mills Conveying approval of Govt in the matter of appointing Messrs Sirur & Co as Managing Agents of the Mills.

DEWAN'S OFFICE
21 MAR.
No. 5464

OFFICE OF THE FIRST MEMBER OF COUNCIL
20 MAR. 1935
No. 6750

TYPING SECTION
22 MAR
GENL & REV

Serial No.

No. 2913 & 25.3.35 from the General Manager, G.I. Mills Stating that the amendments to the Articles of Association & the Managing Agency Agreement were adopted by the Shareholders at a Meeting that action is being taken to give effect to the change of Management & that a Copy of the Proceedings of the Shareholders Meeting will be sent shortly

1st Mr. Addison for perusal.

D.S.S. 26/3

D. K.K. 26/3

22. M.M.P. 28/3.

This will be kept in Sy. & further report promised watched.

2/4/35

12

NOTE—Contn. Sheet.

G.7.110-34-7

3674/34

Tels.—"INDUSCOM"

Codes used—A.B.C., 5th Edn., Bentleys.

GOVERNMENT OF MYSORE.

Department of Industries and Commerce.

D. O. No. 5KM/34-35

OFFICE OF THE DIRECTOR,

Mr. A. V. Ramanathan, B.A.,
Director.

Bangalore, dated 2nd January 1935

Secr/22-34-1

My dear Wajid

With reference to Financial Secretary's letter No. Fl. 4642 dated the 30th Novr./1st Decr. 1934 in the - matter of the appointment of Messrs. Sirur & ~~Sons.~~ Co., to manage the Sri Krishnarajendra Mills Ltd., Mysore, on certain conditions (Copy enclosed), I beg to state that while Messrs. Sirur & ~~Sons.~~ Co., proceeded on the assumption that they should be appointed Managing Agents, the Board of Directors at their meeting held on the 29th Decr. 1934 considered it ~~more~~ easier to appoint Messrs. Sirur & ~~Sons~~ Co. as Manager under Art. 140 of the Articles of Association of the Company on the terms and conditions referred to in the Government letter. This course has been advised in order to avoid going to the General Body for the amendment of the Articles of Association which is necessary if Manag -ing Agents are again to be appointed. Such an amendment requires special resolution by ~~four-fifths~~ three fourths of the majority of the members present at the meeting and confirmation at a subsequent meeting by a like majority. I send enclosed the original of the opinion of Messrs. Little & Co., - Messrs. Sirur & ~~Sons~~ Co's., Solicitors - in this connection together with copies of the Articles of Association of the Company and the two agreement which the Government have with the company. I request the favour of your - kindly advising me whether, in law, a private firm like Messrs. Sirur & ~~Sons~~ Co., can be appointed Manager under - the present Articles of Association. I would, in this

this connection, invite reference also to the definition of "persons" in Art. 2 interpretation Clause, and also - to the interpretation that "Singular number includes - - plural" where the context admits or requires" in the same clause.

If this is permissible, I presume that there would be no restriction in law preventing the Directors from delegating to the Manager under Art. 126, Cl. 20 and under Art. 140, as full powers as Messrs. Sirur & ~~Sons~~ Co., may - need and may get under an Agency agreement. I request that this point may also be made clear in view of the - opinion of Messrs. Sirur & ~~Sons~~ Co's solicitors.

I request an urgent reply in the matter.

Yours sincerely

S. Abdul Wajid, Esq., B.A.,
General Secretary to Government,
Bangalore.

AVR:USC)

Copy of letter No. Fl. 4642 dated 30th Novr./1st Decr.34 from the Financial Secretary to Government to the Chairman, Sri Krishnarajendra Mills Ltd., and Director of Industries and Commerce in Mysore, Bangalore.

I am directed to forward herewith a copy of this office letter No. Fl. 4641 dated 30th Novr./1st Decr. 1934 to Mr. D. N. Sirur of the Maharaja Mills, Bangalore, regarding the appointment of Messrs. Sirur & Sons., to manage the Sri Krishnarajendra Mills Ltd., Mysore, on certain conditions and to request you to be so good as to kindly arrange in consultation with that firm to take necessary further action, to get an agreement in proper form executed and to put through the arrangement in accordance with the Company Law. Government consider that when the management is transferred to a private agency it will be necessary to provide safeguards for restricting the powers of the Managers and ensuring adequate powers to the Board of Directors and Chairman in order to duly protect the large interests of Government in the Mills.

" COPY "

Director.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. P3345 Bangalore, Dated, 7th January, 1935

From

The *General Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Director of Industries and Commerce in Mysore,
Bangalore.

Sir,

With reference to your D.O. letter No.SKM.34/35 dated 2nd January 1935 regarding the appointment of Messrs Sirur and Co., as General Managers of the Sri Krishnarajendra Mills Ltd., I am to state that Government are advised that there is no legal objection to the appointment of a firm as General Manager under the existing Articles of Association of the Company. The enclosures to your letter are herewith returned

I have the honour to be,
Sir,
Your most obedient servant,

for General Secretary to Government.

psk

Appendix F G—1]

SUBJECT .....

.....

.....

Section ~~Law~~ G.T

File No. ~~122-34~~/10-34

Serial No. ~~2~~ 8

Diary No. of letter replied to .....

No. P 3345/Eus

To

General and Revenue Secretariat

( )

the *193* .

~~My dear Ramanathan,~~

The Director of Ptc

Sir,

Date of issue 7/1/35

Signed by

With reference to your DO letter NO SKM 34/35 dated 2 Jan 1935 regarding the appointment of messrs Sinn & ~~Sons~~ Co as general managers of the Sri Krishnarajah Mills Ltd, I am to state that Govt are advised that there is no legal objection to the appointment of a firm as general manager under the existing articles of association of the Company - I have ~~seen~~ the enclosures to your letter

List of enclosures.....

Copied by 7.1.35

Examined by.....

G.F. 110-34-9

SRI·KRISHNARAJENDRA·MILLS·LTD·

OFFICE OF THE
MEMBER OF COUNCIL
31 JAN. 1935
No. 5650.

TELEGRAM "SRIKMILS" MYSORE TRADE MARK TELEPHONE No. 266.

SPINNERS OF HIGH CLASS YARNS
MAKERS OF SUPERFINE HOSIERY IN COMBED COTTON & PURE SILK

P.O.BOX 101
MYSORE

FINANCE
Dec. 1935
3448

REF No.....

29th January 1935

The Financial Secretary to
The Government of Mysore,
Bangalore.

Dear Sir,

With reference to your letter No.Fl.4642 - G.F.110/34 dated 1st December 1934 addressed to the Chairman of the Board of Directors, Sri Krishnarajendra Mills, Ltd., on the subject of the transfer of the management of the Mills to Messrs. N. Sirur & Co., we beg to state that the subject was considered by the Board of Directors at a meeting held on the 29th December 1934 when it was resolved that Messrs. N. Sirur & Co be appointed General Managers of the Company under Article 140 of the Articles of Association. A copy of the Board's Resolution is enclosed for your reference.

We beg to return herewith the Secretariat file of papers in original received by the Chairman from which it will be seen that there is no objection in law to Messrs. N. Sirur & Co being appointed General Managers under the present Articles of Association of the Company and that it is competent for the Board

of

of Directors under the Articles to delegate to such General Managers all the powers that are needed for the conduct of the business of the Company, retaining in their own hands full powers of supervision and control over the acts of the General Managers.

We beg to add that the present Articles of Association of the Company as well as the two Agreements dated 9th December 1932 relating to the Block and Cash Credit loans subsisting between the Company and the Government continue to be operative and will - constitute sufficient safeguards for restricting the powers of the Managers and ensuring adequate powers to the Board of Directors as required in your letter under reply.

We now request early sanction of Government to the appointment of Messrs.N. Sirur & Co as General Managers under Article 140 of the Articles of Association may kindly be obtained and communicated to us, on receipt of which arrangements will be made for handing over the management of the Company to that firm

Yours faithfully,

M Krishnaswamy

General Manager.

S

EXTRACT from Proceedings of the 80th Meeting of the Board of Directors of the Sri Krishnarajendra Mills, Ltd., Mysore, held on Saturday, 29th December 1934 at 3 P.M. at the Mills' premises.

- : -

Subject No.9.:-

Question of transfer of the management of the Mills to Messrs. N. Sirur & Co."

"The Chairman explained to the Board that the Government had been considering for some time past the question of measures to be taken to place the Mills on a sound working basis and were of the opinion that in order to secure such result it would be desirable and advantageous to entrust the management of the Mills to an expert agency. The Government had accordingly consulted Messrs.N. Sirur & Co about taking over the management and they had expressed their desire that the management of the Mills may be entrusted to Messrs.N. Sirur & Co subject to certain terms and conditions offered to and accepted by the firm. The Government had forwarded to him (The Chairman) a copy of the letter addressed by them to Messrs.N. Sirur & Co embodying the terms and conditions subject to which such transfer would be made and requested him to arrange in consultation with Messrs.N. Sirur & Co to take necessary further action to get an agreement in proper form executed and to put through the

arrangement

Serial No.

—Contn. Sheet.

WD 01955—GPB—22,500—12-6-34

File No. of 193 .

General and Revenue Secretariat

Ce.7.110-34 1.0 Fe 6536 of 5 2 35

To

The Director of Industries and Commerce
& Chairman, S.K.Mills, Ltd..
Bangalore.

Sir,

With reference to letter No. 5650 dated 29th January 1935 from the General Manager of the Mills, I am directed to state that Government approve of the appointment of Messrs. N.Sirur & Co.. as General Mangers of the Mills in accordance with the Resolution of the Board of Directors at the meeting held on 29th December 1934.

I have etc.,

31/1

Financial Secretary.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. Fe 6536 / 4.7

Bangalore, Dated, 5th February 1935

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Director of Industries and Commerce in Mysore
a n d
Chairman, Sri Krishnarajendra Mills Ltd., Bangalore.

Sir,

With reference to letter No. 5650, dated 29th January 1935 from the General Manager of the Mills, I am directed to state that Government approve of the appointment of Messrs. N. Sirur & Co., as General Managers of the Mills in accordance with the Resolution of the Board of Directors at the meeting held on 29th December 1934.

I have the honor to be,
Sir,
Your most obedient servant,

Apparao

For Financial Secretary to Government

TRM.2

Tels.—"INDUSCOM"

G.F. 110-34-11

Codes used—A.B.C., 5th Edn., Bent.

GOVERNMENT OF MYSORE.

Department of Industries and Commerce.

D. O. No. SKM/34-35

Encl.. Five.

OFFICE OF THE DIRECTOR,

Mr. A. V. Ramanathan, B.A.,
Director.

Bangalore, dated.....21st Febry. 35.....

Dear Ramanna,

With reference to your letter No. Fl. 6536/GF. dated 5th Febry. 1935 approving of the appointment of Messrs. N. Sirur & Co., as General Managers of the Sri Krishnarajendra Mills Ltd., in accordance with the resolution of the Board of Directors at the meeting held on the 29th December 1934, I beg to submit for the kind reference of Government, copy of my letter No. SKM/34-35 dated the 5th Febry. 1935 to Mr. D. N. Sirur forwarding a draft of a schedule of powers of the General Manager for his information, ~~x~~ his reply dated the 12th Febry. 1935 to the same suggesting that the best plan would be "to go to the General Body at the earliest opportunity, with the proposal for the appointment of our Firm as Managing Agents and for the necessary changes in the Articles as originally contemplated", ~~and of~~ my letter dated the 14th Febry. 1935 in reply to the same and his final reply dated the 18th Febry. 1935 again urging the same procedure.

I send herewith the final draft of the draft agreement referred to by Mr. Sirur as arrived at in my discussions with him in December 1934. I request that this draft may kindly be sent to me with the approval of Government after such alterations as they consider necessary, to enable me to take further action through the Board of Directors and the General body of the Sri Krishnarajendra Mills Ld., in accordance with Company Law, as required in your letter dated the 30th Novr./ 1st December 1934.

1st December 1934.

Yours sincerely

S. Shamanna, Esq., B.A.,
Financial Secretary to Government,
B A N G A L O R E.

Letter No. S.K.M./34-35 dated 5th February 1935 from the Director of Industries and Commerce in Mysore, Bangalore, to D. N. Sirur, Esq., 70 Forbes Street, Fort, Bombay.

***

In continuation of my letters dated the 3rd Febry 1935 I send enclosed a draft of schedule of powers prepared by Mr. M. S. Ramachandra Rao under the existing Articles of Association. I would request you to kindly see items 7, 8, 9, 13 & 17 and let me know after kindly referring to the existing Articles of Association and Agreement with the Government in regard to the two loans, how you would like these to be changed if at all, in conformity with the said articles of Association and agreements. I believe the other items will be exactly as you would have desired.

" C O P Y."

Letter No. S.M.L./34-35 dated 12th February 1935
from the Director of Industries and Commerce in Yadro,
Mangalore, to D. K. Gitay, Esq., 70 Forbes Street, Fort,
Bombay.

***

In continuation of my letters dated the 3rd February
1935 I send enclosed a draft of schedule of powers
prepared by Lt. K. S. Ramachandra Rao under the existing
Articles of Association. I would request you to kindly
see items 7, 8, 9, 13 & 17 and let me know after kindly
referring to the existing Articles of Association and
Agreement with the Government in regard to the two loans,
how you would like these to be changed if at all, in
conformity with the said articles of Association and
agreements. I believe the other items will be exactly as
you would have desired.

" C O P Y."

Schedule of Powers that may be delegated to Messrs. N. Sirur & Co., as General Managers.

1. Purchase of raw material's, consumable and other necessary materials required for working the concerns.

2. To sell manufactured goods and unserviceable and surplus articles to the best advantage of the Company.

Note - Where contracts of purchase or sale are entered into with any concern in which the General Managers are financially interested full disclosure of the details of such contracts should be made to the Board of Directors.

3. To appoint agents for the sale of manufactured goods subject to such terms and conditions as may be approved by the Board.

4. To sign all bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and other documents and to grant receipts for any moneys or goods or property received for and on behalf of the Company.

5. To execute and when necessary to register or cause to be registered all agreement deeds, contracts, receipts and other documents that may be necessary on behalf of the company.

6. To conduct legal and other proceedings in which the company is a party and to sign all plaints, petitions and other documents to be filed in all civil, criminal and revenue courts.

7. To appoint, suspend and remove from office all Clerks and other employees on a pay of not more than Rs.60/- a month and to suspend subject to approval of the Board, all other employees.

8. To grant leave to all employees for a period not exceeding one month and to make acting arrangements, provided that acting appointments carrying a salary of more than Rs.150/- a month shall be subject to the approval of the Board.

9. To grant advances to members of the staff not exceeding one month's salary subject to a limit of Rs.50/- in each case.

10. To employ and to remove workmen on wages from time to time as may be necessary to carry on the work of the cnncern.

11. To pay all gratuities and other payments admissible under the rules to the employees of the Mills.

12. To pay all monies sanctioned by the Board.

13. To sanction estimates and arrange for the satisfactory executiion of all necessary capital works and all maintenance and repair works necessary in the interests of the concern subject to a limit of Rs.1000/- in each case.

14. To sign endorsements of reduction of share capital on share certificates received.

15. To enforce the company's lien on the shares held by the debtors of the company under Articles 59, 60 & 61.

16. To insure the property of the company for such purposes and to such extent and in such manner as is stipulated in the agreement between the Company and the Government.

17. To write off irrecoverable items of expenditure and arrears of claim not exceeding Rs.25/- in each case and subject to a limit of Rs.250/- in a year.

18. To sub-delegate all or any of the above powers, authorities, and discretions with the approval of the Board.

COPY

Letter dated 12th February 1935 from Messrs. N. Sirur & Co Bombay to the Director of Industries and Commerce in Mysore, Bangalore.

I am in receipt of your letter of the 5th instant, enclosing a draft schedule of powers proposed to be delegated by the Directors to our Firm as General Managers. I find, that these powers are in substance the same as have been delegated to the present General Manager. From this it appears, that the intention of the Directors is to continue the management of the Mills as heretofore, with the only difference that our Firm will be the General Managers in place of the present General Manager.

As pointed out by Messrs. Little & Co., in their letter dated 1st December 1934, the intention of the existing arrangement is to do away with the Managing Agents, and to impose on the Directors, the obligation to conduct the affairs of the Company in a more personal way, with the assistance of the General Manager, than is ordinarly the case where the Managing Agents act.

The proposal of Government, as I understood it, was to entrust to our Firm the management of the Mills as Managing Agents of the Company, with duties and powers which are usually exercised by such Agents, and the Government directed that the necessary agreement with our Firm be entered into to that effect, and the necessary formalities required by the Companies Act be followed. Accordingly we received from you the draft Agency Agreement and draft of changes required in the Articles of Association of the Company. This draft Agreement was revised by our Solicitors and duly sent to you. You wrote back to say, that it might be acceptable to the Directors with some changes suggested by you, and you asked me to confirm those changes if acceptable to us, so that you might place the draft before the Directors for their approval. I immediately wired to you accepting the changes proposed by you. You then wrote to say, that there was a feeling among the Directors to avoid going to the General Body of the Shareholders, and that the Directors had the power to appoint the Managing Agents and to delegate to our Firm all the powers and duties as indicated in the Managing Agency Draft Agreement, with the only difference that our Firm will be styled 'General Managers' instead of 'Managing Agents'. When you subsequently visited Bombay, we had a discussion on the subject with Mr. Baker of Messrs. Little & Co., and Mr. Baker then expressed his doubts as to whether the B--- Directors, under the Articles as they stand, could delegate to our Firm as General Managers, the powers and duties of Managing Agents, which were vested in the Directors on the abolition of the Office of the Managing Agents. But, in deference to your wishes and the opinion of the Government Advocate that this could be done, I agreed to the arrangement proposed by the Directors, on the understanding that you and the Board would approach the General Body at a suitable opportunity to regularise the arrangement.

I understood this arrangement to be that although we were to be styled General Managers, our duties were to be those of Managing Agents as indicated in the draft Agreement approved both by you and me, and an agreement on the lines of this draft should be executed between our Firm and the Directors. Further, it was understood that I should have a seat on the Board as Government Nominee with a provision for Substitute Director on behalf of our Firm in my absence.

From what is now proposed, it is clear that the Board want us to do the duties of the present General Manager both

in

in name and substance, and they think that they cannot divest themselves of the responsibility imposed on them by the Articles as they now stand, to conduct the affairs of the Company in a personal way, a s Mr. Baker thought, and consequently cannot delegate any of their powers to our Firm as indicated in the draft Agency Agreement.

In these circumstances, I think that the best plan would be to go to the General Body at the earliest opportunity with the proposal for the appointment of our Firm as Managing Agents and for the necessary changes in the Articles ~~of~~ as originally contemplated. This will avoid all complications and put the working of the Mills on a stable and ~~xxxx~~ satisfactory footing once for all.

I am anxious to do the best I can for the Mills, but, I fear, that unless we have a free hand in the management of the affairs of the Company, we shall not be placed in a position to discharge our duties satisfactorily.

****

" C O P Y."

Letter No. S.K.M./34-35 dated 14th February 1935 from the Director of Industries and Commerce in Mysore, Bangalore, to D.N.Sirur, Esq., 70 Forbes Street, Bombay.

*****

I received your letter of the 12th Febry.35. I am sorry to find from it that I have not been clear enough in my letter of the 5th Febry. enclosing a draft of the schedule of powers. I wish to make it clear that this is only a draft prepared by the office and not one which has been placed before the Board. I sent the draft to you because I considered that you might like it to be revised so as to enlarge the powers under certain heads. As soon as I have from you a schedule in the form in which you would like it to be, in conformity with the present Articles of Association and the agreements with Government, I shall take the orders of Government on it and then convene a meeting of the Board and arrange that the schedule as informally approved by Government is approved by the Board. Thereafter the agreement that you desired with the Company can be executed including this schedule as an Appendix to the agreement, as suggested by you during our discussions at Bombay. I wish to make it clear that my letter of the 5th February was not intended to resile from the understanding that we had come to at Bombay.

I should have mentioned to you also that the Government will provide a seat for you on the Directorate as a Government nominee. Whenever somebody else is to act on your behalf, your substitute would also be appointed as Director by the Government in your place for the respective meetings on intimation from you. I did not write to you about this as I was expecting you any day and I would give you the full details in person.

I hope that this will clear up any confusion caused by my letter of the 5th Febry.1935 and that it will be possible for you to adhere to your previous decision to take over the management about the close of this month as stated by you in your letter of the 7th idem.

As regards the further action that you wished, viz., that the General Body should be approached at a suitable opportunity, such a step is always available whenever it is found that the present arrangement is not satisfactory from the point of view of either Government or yourself.

I request that the draft schedule, according to your opinion, may kindly be sent at your early convenience for further action.

"C O P Y."

Letter dated 18th February 1935 from Messrs. N. Sirur & Co., 70 Forbes Street, Fort, Bombay to the Director of Industries and Commerce in Mysore, Bangalore.

****

Many thanks for your letter of the 14th instant. The Draft Agreement approved both by you and by me, sufficiently defines our powers and duties, and I do not think that any Schedule of powers by way of an appendix to the Agreement is necessary, as suggested by you in your letter. All that I wish is, that an Agreement should be entered into between the Directors and our Firm, according to the above Draft.

I have still very serious doubts, as to whether the Directors, under the Articles as they stand, can appoint us as General Managers with the powers and duties of Managing Agents, especially, when the Office of the Managing Agents has once been abolished by the Shareholders. In the circumstances, I think, it would be best to revise the Articles, at the earliest opportunity, by Special Resolutions as drafted by Messrs. Little & Co., on the lines indicated in the Draft sent by you. This is quite a simple matter, as there is already the necessary material, and the Extra-ordinary General Meetings for getting the Articles revised, should not take more than about a month's time, nor is it in any way an expensive procedure. We shall, however, talk over the matter when I next come to Bangalore, which I hope to do early next week.

With kind regards.

" C O P Y."

Tels.—"INDUSCOM" G.2 110-34-12 4007 P 234 Codes used—A.B.C., 5th Edn., Bentley's.

GOVERNMENT OF MYSORE

Department of Industries and Commerce.

D. O. No. SKM/34.35/Two.

Mr. A. V. Ramanathan, B.A.,
Director.

OFFICE OF THE DIRECTOR,

Bangalore, dated....26th..Feb....35..

My dear Wajid

In continuation of my letter No. SKM/34-35 dated the 14th Febry. 1935 to the Financial Secretary to the Government of Mysore, sending a draft agreement for - approval in connection with the appointment of Messrs. Sirur & Co., as Managing Agents of the Sri Krishnarajendra Mills Ltd., I send enclosed copy of the draft amend -ments to articles which would be necessary in this - connection and which Mr. Sirur has got prepared by his Solicitors and to request that this may kindly be verified and instructions sent to me whether the amendments ~~as draft~~ may be got through in accordance with Company - Law. I am sending this letter direct to you as I was informed that the draft agreement has been sent to the Law Department for scrutiny. I send also a copy of the present Articles for reference and return.

Yours sincerely.
Dr. Ramanathan

S. Abdul Wajid, Esq., B.A.,
General Secretary to Government,
Bangalore.

MK

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FINANCE 15 MAR 1935 No.

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14th March 1935.

FINANCE 15 MAR. 1935 4176. GEML. & REV. SECTT.

The Financial Secretary
to the Government of Mysore,
Bangalore.

Dear Sir,

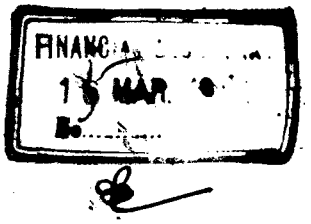
With reference to Government letter No. Fl. 6536/G.F dated 5th Feb. 1935 to the Director of Industries & Commerce and Chairman, Board of Directors, Sri Krishnarajendra Mills, Ltd., approving of the Resolution of the Board of Directors passed at their meeting held on 29th Dec. 1934 to appoint Messrs. N. Sirur & Co., as General Managers, we write to state that the question was again taken up for consideration by the Board of Directors at their meeting held on 3rd March 1935. It was resolved that in modification of the previous Resolution, Messrs. N. Sirur & Co., be appointed Managing Agents of the Company and that an Agreement be concluded with Messrs. N. Sirur & Co., in terms of the draft Agreement proposed by them subject to certain amendments proposed by the Board. It was also

also resolved to make the necessary consequential amendments to the Articles of Association of the Company and to convene an Extraordinary General Meeting on Saturday the 23rd March 1935 for passing the amendments to the Articles as an Extra-ordinary Resolution and also to convene another meeting on 8th April 1935 for confirming such Resolution as "Special Resolution" if it was passed previously by the required majority.

Another meeting of the Board of Directors was held on 10th March 1935 to consider the draft Managing Agency Agreement and the draft amendments to the Articles of Association and we enclose a copy of the Agency Agreement and the amendments to the Articles as finally revised and adopted by the Board of Directors. A Resolution embodying the amendments to the Articles will be submitted for approval to an Extraordinary meeting of the Shareholders which has been convened for Saturday the 23rd instant and after it is passed at that meeting, will be submitted for confirmation to a second Extraordinary General meeting which hasbeen convened for 8th April 1935. We request that the approvalof Government may be obtained to the action proposed to be taen by the Board and communicated to us early.

Yours faithfully,

GN



SRI KRISHNARAJENDRA MILLS, LTD.,
MYSORE.

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL EETING of the Sri Krishnarajendra Mills, Ltd., Mysore, will be held in the angacharlu Memorial Hall, Mysore, on Saturday the 23rd March 1935 at 5 P.M., when ıe Resolution as set out below will be proposed :—

Resolved that in consideration of the fact that it has been decided, with the lvice and approval of the Government of His Highness the Maharaja of Mysore, to ıtrust the management of the Mills to Messrs. N. Sirur & Co., of Bombay, who have ıdertaken to act as Managing Agents in terms of the draft agreement already prepared ıd purporting to be made between the Company of the one part and Messrs. N. Sirur Co., of the other part, draft of which agreement is set out in the schedule annexed, ıe Articles of Association of the Company be amended in manner following :—

1. In Article 2 after clause "Auditors" add the following clause:—

"Agents" means the Secretaries, Treasurers and Agents for the time being of the ompany." "Agents"

2. Insert the following as Article 3:—

"The Company shall enter into the following agreement:— "Company to enter into agreement"

"An agreement between the Company of the one part and Messrs. N. Sirur & Co., f the other part in terms of the draft hereinafter referred to whereby the Company ill appoint the firm of Messrs. N. Sirur & Co., the Agents of the Company for the eriod, upon the terms and at the remuneration therein provided."

3. In Articles 76 substitute the word "Agents" for the words "General Manager" ı the 1st and 2nd lines.

4. In Article 77 substitute the word "Agents" for the words "General Manager" ı the second line.

5. In Article 104 substitute the word "seven" for the word "six" in the 2nd line ıd add the words "and the Ex-officio Director" after the words "the Palace Director" ı the last line.

6. Insert the following as Article 105:—

"During such time as Messrs. N. Sirur & Co., or their successors and assignees shall e Agents of the Company they shall have the right to appoint one member of the said rm or if incorporated, one Director, as Ex-officio Director with power to remove such Director from time to time or to appoint another in his place. The Director appointed "Ex-officio Director"

under this Article is herein referred to as 'Ex-officio Director' and the term 'Ex-officio Director' means the Director for the time being in office under this Article. If he shall be unable for any reason to attend any meeting of the Directors the Ex-officio Director shall be at liberty to appoint a Substitute Director to attend in his stead and the term Ex-officio Director shall include such Substitute Director where the context admits or requires."

7. Article 108—line 2: After the words "Government Directors" insert the words "Ex-officio Director."

8. Article 109—line 2: After the words "Government Directors" add the words "the Ex-officio Director."

9. Article 111:—substitute the following Article.

"The continuing Directors may act notwithstanding any vacancy in their body but in the event of a vacancy the Directors shall not except for the purpose of filling the vacancy act so long as there is a vacancy."

10. Article 112—Clause 1: Insert the words—"or a member of the Agent's Firm" between "or banker" and "is not to be considered an office."

Article 112—clause 4: After the words "Palace Director" in line 2 add the words "or Ex-officio Director."

11. Article 113: Insert the words "or by reason of his being a member of the firm of Agents of the Company, or by reason of his being interested or receiving any share in the commission earned by the Agents" between the words "accessories or things for or to the Company" in line 7 and the words "or by reason of his or the Firm of which he is a member" in line 10.

12. Article 114—line 3: Insert the words "Ex-officio Director" between the words "Government Directors" and "and the Palace Director."

13. Article 121 line 2: Substitute the word "Agents" for "General Manager."

14. Article 122—line 3: Add the words "and the Ex-officio Director" after "Palace Director."

15. Article 125: Delete the words "The business of the Company shall be managed by" in the beginning of the sentence and also delete the word 'who' appearing between the words "The Directors" and "in addition" in the first line.

16. Article 126 clause 2: Insert the following as Clause 2:—

"To execute agreement"

"To execute on behalf of the Company an Agreement in terms of the drafts thereof already prepared and purporting to be made between the Company of the one part and Messrs. N. Sirur & Co. of the other part (which draft is set out in the schedule hereto annexed) with full power nevertheless to agree to any modification or alteration thereof."

Article 126 Clause 20: Substitute the word "Agents" for "General Manager" appearing in line 1.

17. Article 129 line 1 : Substitute the word "Agents" for "General Manager."

18. Article 138 : Substitute the word "Agents" for the words "General Manager" in this article in lines 3 and 5. Insert "or by two Directors alone in case the same is an instrument in favour of the Agents" between "countersigned by the Agents" in line 3 and "provided nevertheless in line 4.

19. Article 139 : Insert the following as Article 139 :—"The Firm of Messrs. N. Sirur & Co. and the partners or members for the time being constituting the said firm and their successors in business or assigns shall be and they are hereby appointed Agents of the Company for a period of ten years in terms of the agreement referred to in Article 3 (a) hereof, such agreement to be subject to such modification if any as may be agreed to between them and the Directors." "Appointment of Agents"

20. Substitute the following for Article 140.

Article 140 :—"The General management of the business of the Company shall be in the hands of the Agents of the Company, who shall have power and authority on behalf of the Company, subject to the control and supervision of the Directors to make all purchases and sales and to enter into all contracts and to do all other things, usual, necessary or desirable in the management of the affairs of the Company or in carrying out its objects and shall have power to appoint and employ, in or for the purposes of the transaction and management of the affairs or business of the Company, or otherwise for the purposes thereof, and from time to time to remove or suspend such managers, engineers, clerks and other employees as they shall think proper, with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise as they shall think fit." "General management in the hands of the Agents"

Insert the followlng Articles to be numbered 141, 142 and 143.

21. Article 141:—"Receipts signed by the Agents for any moneys or goods or property received in the usual course of business of the Company, or for any moneys, goods or property lent to, or payable or belonging to the Company shall be effectual discharges on behalf of and against the Company for the moneys, funds or property which in such receipts shall be acknowledged to be received, and the person paying any such money shall not be bound to see to the application or be answerable for any misapplication thereof. The Agents shall have power to sign cheques on behalf of the Company. The Agents shall also have power to make, execute, draw, endorse, accept and negotiate promissory notes, bills of exchange, hundies, bills of lading, railway receipts and other documents or instruments of title on behalf of the Company." "Receipts and cheques"

22. Article 142 :—"The Agents shall be authorised to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them, and in particular from time to time provide, by the appointment of an attorney or attorneys, for the management and transaction of the affairs of the Company in any specified locality, in such manner as they may think fit." "Agents to have power to sub-delegate"

23. Article 143 :—"Notwithstanding anything in these Articles contained, the Agents are expressly allowed generally to work for the Company and especially to do the work of Agents to and Managers and Consulting Engineers of the Company as provided by "Agents may contract with work for Company"

the preceding Articles and by the agreement referred to in the schedule hereof; and also to do any other work for the Company, upon such terms and conditions and under such remuneration as may from time to time be agreed upon between them and the Directors of the Company."

24. Article 154: Substitute the word "Agents" for the words "General Manager' in the 1st line.

25. Article 159: Substitute the word "Agents" for the words "General Manager" in the 2nd line.

26. Article 171: Substitute the word "Agents" for the words "General Manager" in the 2nd line.

27. Article 176: Add the words "Member of the Agents' Firm" after "Managing Director" in the first line and "Manager" in the 2nd line.

28. Article 178: Substitute the word "Agents" for the words "General Manager" in the 2nd line.

Should the Resolution as set out above be passed by the requisite majority, it will be submitted for confirmation as a 'Special Resolution' to a further EXTRAORDINARY GENERAL MEETING, and such Meeting will be held on Monday the 8th April, 1935 at the same time and place for the purpose of confirming such Resolution as a 'Special Resolution.'

By order of the Board,
M. S. RAMCHENDRA RAO,
General Manager.

Mysore,
10th March, 1935.

SCHEDULE.

ARTICLES OF AGREEMENT made and entered into this day of between Sri Krishnarajendra Mills, Ltd., Mysore, a company registered under the Mysore Companies Regulation VIII of 1917 and having its registered office in Mysore (hereinafter called "the said Company") of the one part and Messrs. N. Sirur & Co., (hereinafter called "the said Firm") of the other part.

Whereas the said Firm has agreed to take over the management of the said Company subject to the terms and conditions hereinafter appearing; AND WHEREAS by a Deed of Mortgage dated the 9th day of December 1931 the said Company mortgaged its fixed assets as therein mentioned to the Government of His Highness the Maharaja of Mysore (hereinafter called "the said Government") to secure the sum of Rs. 16 lakhs with interest thereon at the rate of 5½% per annum; AND WHEREAS by an Agreement also dated the 9th day of December 1931 the said Government agreed to lend to the said Company the aggregate sum of Rs. 8 lakhs carrying interest at the rate of 5½% per annum by way of Cash Credit upon the security of the goods therein mentioned. NOW THESE PRESENTS WITNESS and it is hereby mutually agreed by and between the parties hereto in manner following, that is to say :—

1. The person or persons for the time being constituting the said Firm of Messrs. N. Sirur and Co., shall be Agents of the said Company for a period of ten years from.....and thereafter by mutual consent between the said Firm and the said Company on such terms and conditions as may be determined at the time, but with liberty to the said Firm to resign such appointment and to retire from the said Agency at any time by six calendar months' notice in writing to the said Company provided nevertheless that if at any time during the said period of ten years the said Government shall intimate to the said Company that it is the desire of the said Government that the said Agency be determined and provided that the said sums of Rs. 16 lakhs and Rs. 8 lakhs or any part thereof shall then still be due by the said Company to the said Government then and in such case, the said Company shall be at liberty to determine this agreement by six calendar months' notice in writing to the said Firm.

2. The said Firm shall take over the management of the said Company in the condition that it may be on the date on which the management is transferred to them. The said Firm shall have liberty to make such changes in the personnel of the staff of the said Company which may be considered necessary but subject to Art. 126 (23) and with the previous sanction of the Board of Directors of the company in all cases where contracts for service are intended which shall not be terminable by one month's notice or less.

3. The remuneration of the said Firm as such Managing Agents shall be as follows :—

(*a*) From and after the date of taking over the management by the said Firm, a commission at the rate of ten per cent per annum on the annual net profits of the said Company after making all proper allowances and deductions from revenues for interest on loans, deposits, for bad debts written off and for working expenses chargeable against profits, but without making any deductions for or in respect of incometax or super-tax or in respect of any amount carried to depreciation, insurance, reserve or sinking fund or any other special fund or in respect of any expenditure on capital account, and such commission shall become due to the said Firm yearly after the annual accounts of the said Company have been passed by the shareholders.

(*b*) A sum of Rupees Seven Hundred and Fifty per month as an allowance, subject to th condition that the allowance shall not be drawn by the said Firm if the said Company sha be unable to pay the whole or any portion of the interest then due and payable t the said Government on the loans advanced by the Government to the said Company as afor said and accordingly at the beginning of every half year the Board of Direcors of the sai Company shall scrutinise the accounts of the said Company for the preceding half year an decide whether the condition of the accounts permits that the said Firm should draw the sai monthly allowance for such preceding half year or not. Any allowance or part of the sam not so drawn as aforesaid shall be credited to the account of the Firm and shall be draw by the Firm as and when the interest due on the loans advanced by the said Gover ment shall have been paid, out of the profits earned by the said Company provided that suc amount at credit shall not be payable merely on the ground of termination of appointment.

Provided that the before mentioned commission and the monthly allowance shall be excl sive of all salaries or wages of assistants, clerks, or other employees engaged by the said Fir for the company's business and of all remuneration or wages which shall be payable to th Solicitors, Accountants, Bankers, Engineers, Experts, Managers, Secretaries, Commissio Agents, Dealers, Brokers or other Officers, servants or workmen, who may be employed by th said Firm for or on behalf of the said Company or any other expenses properly incurred f carrying on and conducting the business of the said Company, all of which expenses shall be pa by the said Company.

Provided further that the monthly allowance payable to the said Firm as aforesaid shall l included in the working expenses of the Company in computing the results of the year's workin

4. The said Firm hereby agree with the said Company that, subject to their right terminate this agreement in manner aforesaid, they will be and act as Agents of the sa Company for the remuneration hereinbefore mentioned and upon and subject to the terms ar conditions herein contained and during such time as they hold Office of Agents of the sa Company they will use their best endeavours to promote the interests and business of the sa Company and will not divulge or make known any of the secrets or affairs thereof.

5. Subject to the control and supervision of the Board of Directors and to their sanction such matters as may be specified from time to time by them and to the provisions of Clause hereof, the said Firm shall have the general conduct and management of the business and affai of the said Company and in particular shall have power on behalf of the said Company to enter in arrangements with any Government or authorities Supreme, Municipal, Local or otherwise, and obtain from any such Government or 'Authority' all rights, concessions, licenses, leases ar privileges; and to institute, conduct, defend, compromise, refer to arbitration and abandon leg and other proceedings and claims by and against the said Company and the Directors and th Officers of the said Company and otherwise concerning the affairs of the said Company ; and purchase, provide, maintain and keep up such immoveable and moveable property, machiner implements or stock whether stationary or otherwise and all other things necessary for the sa Company and from time to time to sell or dispose of the same or any part thereof; and execute, become parties to, and where necessary to cause to be registered all deeds, agreemen contracts, receipts and other documents ; and to insure the property of the said Company for su purposes and to such extent and in such manner as the said Firm may think proper; and to gi effectual receipts and discharges on behalf of and against the said Company for any moneys, fun goods or property lent to or payable or belonging to the said Company; and to draw, acce endorse, negotiate and sell Bills of Exchange and Hundies with or without security and to dr cheques against the moneys of the said Company; and to purchase and sell and for th purpose to sign, endorse and transfer Government Promissory Notes or other Securities issu by the Government of India and standing in the name of the Company or any bonds of a

public authority and to collect and give receipts for the dividends or interest from time to time due or to become due on any such securities; and to appoint and employ in or for the purpose of the transaction and management of the affairs and business of the said Company or otherwise for the purposes thereof and from time to time to remove or suspend such Solicitors Accountants, Bankers, Engineers, Experts, Managers, Secretaries, Commission Agents, Dealers, Brokers and any other persons as they shall think proper, with such powers and duties and upon such terms as to duration of office, remuneration or otherwise as the said Firm shall think fit and to delegate all or any of the powers, authorities and discretions for the time being vested in the said Firm; and also from time to time to provide by the appointment of an Attorney or Attorneys, Manager or Managers for the management and transaction of the affairs of the said Company in any specified locality and generally to make all such arrangements and do all such acts and things on behalf of the said Company as may be necessary or expedient.

6. The said Firm shall keep proper and complete books of account of the dealings and working of the said Company and shall prepare and keep, or cause to be prepared and kept, therein complete accounts of all purchases and sales and of all receipts and disbursements made and received and paid by the said Firm for and on behalf of the said Company and the said Firm shall also prepare and keep, or cause to be prepared and kept, such further and other accounts of the said Company as the Directors shall from time to time direct.

7. The said Firm shall have charge and custody of all the property, books of account, papers, documents and effects belonging to the said Company wheresoever situate and being.

8. The said Firm shall be at liberty from time to time to retain, reimburse and pay themselves out of the monies of the said Company and subject to the provision of Clause 3 (*b*) hereof the before mentioned allowance and all expenses incurred in connection with the establishment, maintenance, management and upkeep of the said Company's office and all salaries, wages or remuneration of Solicitors, Accountants, Bankers, Engineers, Experts, Managers, Secretaries, Commission Agents, Dealers, Brokers or other Officers, servants or workmen and all moneys expended or disbursed by them for and on behalf of the said Company on any account whatsoever, from the date of taking over the management of the said Company and all sums due to the said Firm for Commission or otherwise,

9. One of the members for the time being of the said Firm shall be Ex-officio Director of the said Company and if unable to attend at any Board Meeting such Ex-officio Director shall be at liberty to appoint a substitute Director to attend in his absence.

10. Subject to the approval of the Board of Directors of the said Company, it shall be lawful for any member of the said Firm to assign the whole or any portion of his interest in the said Firm or to withdraw from the said Firm altogether without thereby in any way affecting the appointment of the said Firm as such Agents, as aforesaid.

11. It is hereby expressly agreed and declared that if at any time during the continuance of the Agency the said Firm shall be constituted differently from what it is at the date of these presents and the appointment of the said Firm as such Agents as aforesaid hereby made shall be held or construed not to be valid in law by reason of one or some or all of the partners thereof not having been partners at the date of these presents and not having executed the same or otherwise, then and in such case, these presents shall nevertheless be construed and taken as amounting to an agreement between the said Company of the one part and the then present members of the said Firm of the other part, that the said Company, its successors and assigns shall appoint the Firm as so differently constituted as aforesaid to be the Agents of the said Company its successors and assigns for the term and with the like powers and authorities remuneration and emoluments and subject to the like terms and conditions as are herein contained.

12. Subject to the approval of the Board of Directors it shall be lawful for the s Firm to assign this Agreement and the rights of the said Firm hereunder to any priv limited company into which the said, Firm may hereafter be converted, formed unc either the English or Indian Companies Acts and having authority by its constituti to become bound by the obligations undertaken by the said Firm hereunder; and up such assignment being made and notified to the said Company, the said Company shall bound to recognise the private limited company aforesaid as the Agents of the said Company like manner as if the name of such private limited company had appeared in these preser in lieu of the names of the partners in the said Firm and as if such private limited compa had entered into this Agreement with the said Company and the said Company shall forthw upon demand by the said Firm enter into an Agreement with the private limited compa aforesaid appointing that company the Agents of the said Company for the then residue of t term outstanding under this Agreement, and with the like powers and authorities, remuneration and emoluments and subject to the like terms and conditions as are herein contained.

13. In the event of the said Company being at any time during the continuance of the Agency wound up for the purpose and with the object of transferring its business to another Company, the said Company shall make it one of the terms and stipulations of the agreement for transfer of its property and business to such other company as aforesaid that such other com pany shall appoint the said Firm to be the Agents of such new company for the period and with the like powers and authorities to the said Firm and on the same terms and conditions as to remuneration, emoluments and otherwise as are herein contained and it is hereby expressly agreed and declared that save and except with such condition and stipulation as one of the terms of the sale and transfer thereof the said Company will not sell and transfer its business to any other Company.

14. In the event of any dispute or difference at any time arising between the said Firm and the said Company in respect of this Agreement on the several matters specified herein or with reference to anything arising out of or incidental thereto, such dispute or difference shall be submitted to and be decided by the arbitration of two Arbitrators, one to be named by each party to the dispute or difference, which Arbitrators shall appoint an Umpire before taking upon themselves the burden of the reference and this Agreement shall be deemed to be a submission to the arbitration of two Arbitrators within the meaning of the Mysore Arbitration Regulation No. I of 1917 and all the provisions of that Regulation (except as hereby expressly varied) or of any Regulation of the Legislature passed in substitution therefor or in modification thereof and for the time being in force, shall be deemed to apply to any reference hereunder.

15. This agreement shall be subject to the terms and conditions in the two agreements dated 9th December 1931 between the Government of Mysore and the said Company, except in so far as the Agents shall not be personally liable for the payment of either the interest or the principal of the loans to the Government (or for any other payment or expenditure thereunder) other than from the assets or the revenue of the Company.

14.3.35

CROWN ELECTRIC PRESS, MYSORE.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Bangalore, Dated, ~~21st March~~ 22nd. 1935.

No. H. 7535/ G.7.110-34 — 14

From

S. Shamanna, Esquire, B.A.,
Financial Secretary to the Government of His Highness the Maharaja of Mysore.

To

M.S. Ramachandra Rao, Esquire, B.A.,
General Manager, Sri Krishnarajendra Mills, Ltd.
M y s o r e .

Sir,

With reference to your letter No. 2552 dated the 11th March 1935, reporting the action proposed to be taken in the matter of appointing Messrs. N. Sirur and Co., as Managing Agents of the Mills, I am directed to convey the approval of Government thereto.

I have the honor to be,
S i r ,
Your most obedient servant,

Sd/- S. Shamanna,

Secretary to Government,
Financial Department

P.H.

Memo No. H-7536 dated, 22/3/35

Copy of the foregoing is forwarded, with compliments to the Director of Industries and Commerce in Mysore, for information.

By order,

M. Shamanna

for Secretary to Government,
Financial Department

P.E.

H.7535/ dated 22/3/35

G.O. No. 110-34-14

To

The General Manager,

The Sri Krishnarajendra Mills Ltd.,

Mysore.

Sir,

With reference to your letter No. 2552 dated 14th March 1935, reporting the proposed action to be taken in the matter of appointing Messrs. N Sirur and Co as ~~Manag~~ Managing agents of the Mills, I am directed to convey the approval of Government thereto.

I have etc.,

21/3/35

21-3-35. For Financial Secy

H.7536

Copy of the above is forwarded with compliments to the Director of Industries and Commerce, Bangalore, for information.

21/3/35.

21-3-35 For Financial Secy

G.F. 110-34-15

SRI·KRISHNARAJENDRA·MILLS·LTD

FINANCIAL BRANCH
28 MAR 1935
4306

"SRIKMILS" MYSORE TRADE MARK TELEPHONE No 266.

DEWAN'S OFFICE
28 MAR. 1935
No. 3650

SPINNERS OF HIGH CLASS YARNS
MAKERS OF SUPERFINE HOSIERY IN COMBED COTTON & PURE SILK

P. O. BOX 101
MYSORE

OFFICE OF THE
FIRST MEMBER
27 MAR. 1935
No. 6964

F No. 2913

25th March 1935.

S. Shamanna, Esq., B.A.,
Financial Secretary to Government,
Bangalore.

Copied

For Dewan

Dear Sir,

With reference to Government letter No. Fl.7535/ G.F.110-34 dated 22.3.35 approving the appointment of Messrs. N. Sirur & Co., as Managing Agents of the Mills, we write to state that at the Extraordinary General Meeting held on 23rd March 1935, the amendments to the Articles of Association and the Managing Agency Agreement as proposed by the Directors were adopted by the Shareholders unanimously as an "Extraordinary Resolution".

As already notified, another Extraordinary General Meeting will be held on 8th April 1935 to confirm the Resolution as a "Special Resolution".

Meanwhile, action is being taken to give effect to the Resolution of the Shareholders for the change of management in

in consultation with Messrs. N. Sirur & Co.

A copy of the Proceedings of the Extraordinary Meeting of the 23rd instant will be sent shortly for the information of Government.

Yours faithfully,

GENERAL MANAGER.